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BEFORE THE ARIZONA CORPORATION

COMMISSIONERS

SUSAN BITTER SMITH - Chairman
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

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AZ CORP COMMISSION
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Arizona Corporation Commission

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[Signature]

IN THE MATTER OF THE APPLICATION OF
TUCSON ELECTRIC POWER COMPANY FOR
THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES
DESIGNED TO REALIZE A REASONABLE RATE
OF RETURN ON THE FAIR VALUE OF THE
PROPERTIES OF TUCSON ELECTRIC POWER
COMPANY DEVOTED TO ITS OPERATIONS
THROUGHOUT THE STATE OF ARIZONA AND
FOR RELATED APPROVALS.

DOCKET NO. E-01933A-15-0322

RATE CASE
PROCEDURAL ORDER
AND
NOTIFICATION OF
INTERVENTION

BY THE COMMISSION:

On November 5, 2015, Tucson Electric Power Company ("TEP" or Company") filed an Application with the Arizona Corporation Commission ("Commission") for a rate increase.

On November 6, 2015, Freeport Minerals Corporation ("Freeport") and Arizonans for Electric Choice and Competition ("AECC") filed an Application for Leave to Intervene in this matter. Freeport maintains facilities and operations with the State of Arizona that receive electric services from TEP. AECC is a coalition of energy consumers, most of whom are also customers of TEP. No objections to the intervention request were received.

On November 25, 2015, Local Union 1116 International Brotherhood of Electrical Workers AFL-CIO ("IBEW Local 1116") filed an Application for Leave to Intervene. IBEW Local 1116 is the exclusive bargaining representative of approximately 700 non-managerial TEP employees and states it will be directly and substantially affected by the proceeding. No objections to the intervention request were received.

On November 27, 2015, Pima County, a corporate of the State of Arizona and body politic, and which owns and operates numerous facilities within the TEP service area, filed an Application for Leave to Intervene. No objections to the intervention request were received.

1 On December 7, 2015, the Commission's Utilities Division ("Staff") notified TEP that its
2 Application met the sufficiency requirements of Arizona Administrative Code ("A.A.C.") R14-2-103,
3 and classified the Company as a Class A utility.

4 On December 7, 2015, TEP filed a Motion for Procedural Schedule, in which after consulting
5 with Staff and the Residential Utility Consumer Office ("RUCO"), TEP proposed a schedule for the
6 filing of testimony and a hearing in this matter.

7 Pursuant to A.A.C. R14-3-101, the Commission now issues this Procedural Order to govern the
8 preparation and conduct of this proceeding.

9 IT IS THEREFORE ORDERED that the **hearing** in the above-captioned matter shall
10 commence on **August 31, 2016, at 10:00 a.m.**, or as soon thereafter as is practical, at the Commission's
11 offices, **Room 222, 400 West Congress, Tucson, Arizona 85701.**¹

12 IT IS FURTHER ORDERED that a **Pre-hearing Conference** shall be held on **August 25,**
13 **2016, at 10:00 a.m.**, at the Commission's **Tucson Offices, Room 222, 400 West Congress, Tucson,**
14 **Arizona, 85701** for the purpose of scheduling witnesses and the conduct of the hearing. Parties may
15 appear telephonically, but should contact the Hearing Division at (602) 542-4250 to indicate if they
16 will be calling in.²

17 IT IS FURTHER ORDERED that **intervention is granted to Freeport, AECC, IBEW Local**
18 **1116, and Pima County.**

19 IT IS FURTHER ORDERED that any **direct testimony (except that related to rate design**
20 **and cost of service)** and associated exhibits to be presented at hearing on behalf of **Staff or Intervenors**
21 **shall be reduced to writing and filed on or before June 3, 2016.**

23
24 ¹ Given the current schedule of Open Meeting dates in 2016 and the current deadline of December 1, 2016, for a final
25 Commission Order in this matter pursuant to A.A.C. R14-2-103, TEP's proposed schedule may not allow sufficient time
26 for a final Commission Order by the November 2016 Open Meeting date. TEP seeks new rates in place by January 1, 2017.
27 Given these circumstances, keeping the proposed hearing date and extending the deadline for a final Commission order
28 until at least December 31, 2016 is reasonable as it will allow the matter to be heard at a December 2016 Open Meeting
with rates approved prior to January 1, 2017. Otherwise, the hearing would need to be earlier. The length of the hearing in
this matter (the rule provides the deadline is extended three days for each day of hearing on the merits), or other potential
unforeseen circumstances may further affect the deadline and timing of the implementation of new rates.

² The call-in number to participate telephonically is 1-888-450-5996, Access Code 457395#.

1 IT IS FURTHER ORDERED that any **direct testimony related to rate design and cost of**
2 **service** and associated exhibits to be presented at hearing on behalf of **Staff and Intervenors** shall be
3 reduced to writing and filed on or before **June 24, 2016**.

4 IT IS FURTHER ORDERED that any **rebuttal testimony** and associated exhibits to be
5 presented at hearing by the **Company** shall be reduced to writing and filed on or before **July 25, 2016**.

6 IT IS FURTHER ORDERED that any **surrebuttal testimony** and associated exhibits to be
7 presented by **Staff and/or Intervenors** shall be reduced to writing and filed on or before **August 18,**
8 **2016**.

9 IT IS FURTHER ORDERED that any **rejoinder testimony** and associated exhibits to be
10 presented at the hearing **by the Company** shall be reduced to writing and filed on or before **August**
11 **25, 2016**.

12 IT IS FURTHER ORDERED that any objections to any testimony or exhibits which have been
13 prefiled before August 25, 2016, shall be made on or before the Pre-Hearing Conference.

14 IT IS FURTHER ORDERED that any substantive corrections, revisions, or supplements to pre-
15 filed testimony shall be reduced to writing and filed no later than five days before the witness is
16 scheduled to testify.

17 IT IS FURTHER ORDERED that **intervention** shall be in accordance with A.A.C. R14-3-105,
18 except that all motions to intervene must be filed **on or before April 29, 2016**.

19 IT IS FURTHER ORDERED that discovery shall be as permitted by law and the rules and
20 regulations of the Commission, except that through **June 30, 2016**, any objection to discovery requests
21 shall be made within 7 days³ of receipt and responses to discovery requests shall be made within 10
22 days of receipt; thereafter, objections to discovery requests shall be made within 5 days and responses
23 shall be made in 7 days;¹ the response time may be extended by mutual agreement of the parties
24 involved if the request requires an extensive compilation effort.

25 IT IS FURTHER ORDERED that, in the alternative to filing a written motion to compel
26 discovery, any party seeking discovery may telephonically contact the Commission's Hearing Division
27

28 ³ "Days" means calendar days.

1 to request a date for a procedural hearing to resolve the discovery dispute; that upon such a request, a
 2 procedural hearing will be convened as soon as practicable; and that the party making such a request
 3 shall forthwith contact all other parties to advise them of the hearing date and shall at the hearing
 4 provide a statement confirming that the other parties were contacted.⁴

5 IT IS FURTHER ORDERED that any responses to motions shall be filed within five days of
 6 the filing date of the motion.

7 IT IS FURTHER ORDERED that any replies shall be filed within five days of the filing date
 8 of the response.

9 IT IS FURTHER ORDERED that any motions filed in this matter that are not ruled upon by
 10 the Commission within 20 days of the filing date of the motion shall be deemed denied.

11 IT IS FURTHER ORDERED that the Company shall provide public notice of the hearing in
 12 this matter, in the following type size, form and style with the heading in no less than 16 point bold
 13 type and the body in no less than 10-point regular type:

14 **PUBLIC NOTICE OF HEARING ON THE**
 15 **RATE APPLICATION OF**
 16 **TUCSON ELECTRIC POWER COMPANY**
Docket No. E-01933A-15-0322

17 **Summary**

18 On November 5, 2015, Tucson Electric Power Company ("TEP" or "Company") filed
 19 an application with the Arizona Corporation Commission ("Commission") for an
 20 increase in annual non-fuel retail revenues of \$109.5 million, or approximately 12
 21 percent over adjusted test year retail revenues. TEP is also seeking approval of: (1)
 22 critical and substantial modifications to its rate design and net metering tariff; (2)
 modifications to its Purchased Power and Fuel Adjustment Clause mechanism
 ("PPFAC"); its Environmental Compliance Adjustor ("ECA") and Lost Fixed Cost
 Recovery mechanism ("LFCR"); (3) updated depreciation rates; (4) modifications to its
 Tariffs and Rules and Regulations; and (5) other related matters.

23 Under the rates as proposed by the Company, an average residential customer using
 24 1,150 kWh in summer and 785 kWh in winter would see a monthly increase of \$11.91,
 25 from \$105.57 to \$117.48. A customer's bill depends on monthly energy consumption.
 A customer using less or more than the average would experience a smaller or larger
 increase.

26 If you have any questions concerning how the Company's rate proposal will affect your
 27

28 ⁴ The parties are encouraged to attempt to settle discovery disputes through informal, good-faith negotiations before
 seeking Commission resolution of the controversy.

1 bill or have other substantive questions about this application, you may contact the
 2 Company at: [COMPANY SHOULD INSERT NAME, ADDRESS, TELEPHONE
 3 NUMBER, AND E-MAIL ADDRESS FOR CUSTOMER CONTACTS
 4 CONCERNING THE APPLICATION].

5 The Commission's Utilities Division Staff is in the process of reviewing and analyzing
 6 the application and has not yet made recommendations regarding TEP's request. The
 7 Commission will determine the appropriate rate relief to be granted based on the
 8 evidence of record in this proceeding. **THE COMMISSION IS NOT BOUND BY
 9 THE PROPOSALS MADE BY TEP, STAFF, OR ANY INTERVENORS AND,
 10 THEREFORE, THE FINAL RATES APPROVED IN THIS DOCKET MAY BE
 11 LOWER OR HIGHER THAN THE RATES DESCRIBED ABOVE.**

12 **How You Can View or Obtain a Copy of the Rate Proposal**

13 Copies of the application and proposed tariffs are available at TEP's offices [INSERT
 14 ADDRESS], and at the Commission's Docket Control Center at 1200 West
 15 Washington, Phoenix, Arizona and its Tucson office, 400 West Congress, Suite 218,
 16 Tucson, Arizona, and on the internet via the Commission website ([/www.azcc.gov/](http://www.azcc.gov/))
 17 using the e-Docket function.

18 **Public Hearing Information**

19 The Commission will hold a **hearing** on this matter beginning **August 31, 2016, at**
 20 **10:00 a.m.**, at the Commission's offices, Room 222, 400 West Congress, Tucson,
 21 Arizona, 85701.

22 Public comments will be taken at the beginning of the hearing. Written public comments
 23 may be submitted by mailing a letter referencing Docket No. E-01933A-15-0322 to
 24 Arizona Corporation Commission, Consumer Services Section, 1200 West Washington,
 25 Phoenix, AZ 85007, or by email. For a form to use and instructions on how to e-mail
 26 comments to the Commission, go to
 27 <http://www.azcc.gov/divisions/utilities/forms/PublicCommentForm.pdf>. If you require
 28 assistance, you may contact the Consumer Services Section at 1-800-222-7000 or (520)
 628-6550.

**If you do not intervene in this proceeding, you will not receive further notice of the
 proceedings in this docket. However, all documents filed in this docket are
 available online** (usually within 24 hours after docketing) at the Commission's website
www.azcc.gov using the e-Docket function, located at the bottom of the website
 homepage. RSS feeds are also available through e-Docket.

22 **About Intervention**

23 The law provides for an open public hearing at which, under appropriate circumstances,
 24 interested parties may intervene. Any person or entity entitled by law to intervene and
 25 having a direct and substantial interest in the matter will be permitted to intervene. If
 26 you wish to intervene, you must file an original and 13 copies of a written motion to
 27 intervene with the Commission no later than **April 29, 2016**, and send a copy of the
 28 motion to TEP or its counsel and to all parties of record. Your motion must contain the
 following:

1. Your name, address, and telephone number and the name, address and
 telephone number of any party upon whom service of documents is to be
 made, if not yourself.

2. A short statement of your interest in the proceeding (e.g., a customer of the Company, etc.).
3. A statement certifying that you have mailed a copy of the motion to intervene to the Company or its counsel and to all parties of record in the case.

The granting of motions to intervene shall be governed by A.A.C. R14-3-105, except that all motions to intervene must be filed on or before April 29, 2016. If representation by counsel is required by Rule 31 of the Rules of the Arizona Supreme Court, intervention will be conditioned upon the intervenor obtaining counsel to represent the intervenor. For information about requesting intervention, visit the Commission's website at <http://www.azcc.gov/divisions/utilities/forms/interven.pdf>. The granting of intervention, among other things, entitles a party to present sworn evidence at the hearing and to cross-examine other witnesses. However, failure to intervene will not preclude any interested person or entity from appearing at the hearing and providing public comment on the application or from filing written comments in the record of the case.

ADA/Equal Access Information

The Commission does not discriminate on the basis of disability in admission to its public meetings. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting the ADA Coordinator Shaylin Bernal, E-mail SABernal@azcc.gov, voice phone number 602/542-3931. Requests should be made as early as possible to allow time to arrange the accommodation.

IT IS FURTHER ORDERED that the Company shall **mail** to each of its customers a copy of the above notice by **February 19, 2016**; shall cause the above notice to be published at least once in a newspaper of local circulation in its service territory, with **publication** to be completed no later than **February 19, 2016**; and shall make the notice available on its website easily accessible from the homepage.

IT IS FURTHER ORDERED that the Company shall file certifications of mailing and publication as soon as practicable after they have been completed.

IT IS FURTHER ORDERED that notice shall be deemed complete upon mailing and publication of same, notwithstanding the failure of an individual customer to read or receive the notice.

IT IS FURTHER ORDERED that the Ex Parte Rule (A.A.C. R14-3-113 - Unauthorized Communications) applies to this proceeding and shall remain in effect until the Commission's Decision in this matter is final and non-appealable.

IT IS FURTHER ORDERED that all parties must comply with Rule 33 (c) and (d) of the Rules of the Arizona Supreme Court with respect to practice of law and admission pro hac vice.

1 IT IS FURTHER ORDERED that withdrawal of representation must be made in compliance
2 with A.A.C. R14-3-104(E) and Rule 1.16 of the Rules of Professional Conduct (under Rule 42 of the
3 Rules of the Arizona Supreme Court). Representation before the Commission includes the obligation
4 to appear at all hearings and procedural conferences, as well as all Open Meetings for which the matter
5 is scheduled for discussion, unless counsel has previously been granted permission to withdraw by the
6 Administrative Law Judge.

7 IT IS FURTHER ORDERED that, as permitted under A.A.C. R14-3-107(B), each party to this
8 matter may opt to receive service of all filings in this docket, including all filings by parties and all
9 Procedural Orders and Recommended Opinions and Orders/Recommended Orders issued by the
10 Commission's Hearing Division, via email sent to an email address provided by the party rather than
11 via U.S. Mail. To exercise this option, a party shall:

- 12 1. Ensure that the party has a valid and active email address to which the party has regular
13 and reliable access ("designated email address");
- 14 2. Complete a Consent to Email Service form, available on the Commission's website
15 (www.azcc.gov);
- 16 3. File the original and 13 copies of the Consent to Email Service form with the
17 Commission's Docket Control, also providing service to each party to the service list;
- 18 4. Send an email, containing the party's name and the docket number for this matter, to
19 HearingDivisionServicebyEmail@azcc.gov from the designated email address, to allow
20 the Hearing Division to verify the validity of the designated email address;
- 21 5. Understand and agree that service of a document on the party shall be complete upon
22 the sending of an email containing the document to the designated email address,
23 regardless of whether the party receives or reads the email containing the document;
24 and
- 25 6. Understand and agree that the party will no longer receive service of filings in this
26 matter through First Class U.S. Mail or any other form of hard-copy delivery, unless
27 and until the party withdraws this consent through a filing made in this docket.
28

IT IS FURTHER ORDERED that a party's consent to email service shall not become effective until a Procedural Order is issued approving the use of email service for the party. The Procedural Order shall be issued only after the party has completed steps 1 through 4 above, and the Hearing Division has verified receipt of an email from the party's designated email address.


IT IS FURTHER ORDERED that a party's election to receive service of all filings in this matter via email does not change the requirement that all filings with the Commission's Docket Control must be made in hard copy and must include an original and 13 copies.

IT IS FURTHER ORDERED that pursuant to A.A.C. R14-2-103, the **deadline for a final Order** in this matter is extended until at least **December 31, 2016**.

IT IS FURTHER ORDERED that the time periods specified herein shall not be extended pursuant to Rule 6(a) or (3) of the Rules of Civil Procedure.

IT IS FURTHER ORDERED that the Presiding Officer may rescind, alter, amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by ruling at hearing.

DATED this 14th day of December, 2015.


JANE L. RODDA
ADMINISTRATIVE LAW JUDGE

Copies of the foregoing mailed
this 14th day of December, 2015 to:

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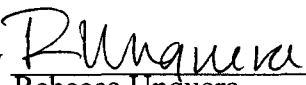
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